



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Release Number: **201329021**
Release Date: 7/19/2013
Date: April 24, 2013
UIL: 501.03-00

Contact Person:
Identification Number:
Contact Number:
Employer Identification Number:
Form Required To Be Filed:
Tax Years:

Dear :

This is our final determination that you do not qualify for exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(3). Recently, we sent you a letter in response to your application that proposed an adverse determination. The letter explained the facts, law and rationale, and gave you 30 days to file a protest. Since we did not receive a protest within the requisite 30 days, the proposed adverse determination is now final.

Because you do not qualify for exemption as an organization described in Code section 501(c)(3), donors may not deduct contributions to you under Code section 170. You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file. File the returns in accordance with their instructions, and do not send them to this office. Failure to file the returns timely may result in a penalty.

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter. If you have any questions about your Federal income tax status and responsibilities, please contact IRS Customer Service at

1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Holly O. Paz
Director, Rulings and Agreements

Enclosure
Notice 437
Redacted Proposed Adverse Determination Letter
Redacted Final Adverse Determination Letter



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DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Date: April 24, 2013
UIL: 501.03-00

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

LEGEND:

State:

Date 1:

Date 2:

X:

Program:

a:

b:

c:

d:

Dear :

We have considered your application for recognition of exemption from Federal income tax under Internal Revenue Code (I.R.C.) § 501(a). Based on the information provided, we have concluded that you do not qualify for exemption under I.R.C. § 501(c)(3). The basis for our conclusion is set forth below.

FACTS

You were formed as a nonprofit corporation under the laws of State on Date 1. You filed Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, on Date 2.

Your Articles of Incorporation (hereinafter "Articles") state that you are organized to engage in any lawful activity permitted by I.R.C. § 501(c)(3). Specifically, your purposes are: (1) "to foster and promote the development of, public access to, and adoption of [X] as a framework for user-centric identity on the Internet"; and (2) "to acquire, create, hold, and manage intellectual property related to [X] and provide equal access to such intellectual property to the [X] community and public at no charge."

X is a software requirements specification, which is a technical document describing what software will do and how it will be expected to perform. In other words, X is not software but

rather is a blueprint for software. When X is implemented by an organization issuing X usernames and passwords ("X provider") and a website accepting X ("X adopters"), it allows Internet users to consolidate their multiple Internet usernames and passwords into one universal username and password ("X user"). X is available from your website for free, and without registration, to any X user, X provider, or X adopter for any purpose, including commercial and noncommercial purposes. In a letter dated October 29, 2009, you state that X is "rapidly gaining adoption on the web, with over one billion [X] enabled user accounts and over 50,000 websites accepted [X] for logins." Several large, commonly used websites are X providers or adopters.

Your website describes the advantages of X to users and adopters. The main advantage of X to users is that it provides a simpler, faster, and more convenient way for users to access their favorite websites. The advantages to adopters are more numerable. First, you describe X as a way for adopters to increase web users; X reduces registration time because users can sign on using an existing username and password rather than creating a new username and password and filling out a lengthy registration form. Second, you describe X as an easy method of data collection. You state that X providers often collect and share a wide range of demographic information, including name, date of birth, location, gender, and e-mail addresses. This information allows adopter to optimize its marketing efforts and tailor its website to target the needs of its core audience. Third, you describe X as a cost reducer because the adopter no longer needs to invest time and resources into user identity protection. Finally, you describe X as a way to increase market penetration. You state that X allows adopters to link into other open source protocols, including protocols that allow adopters to access users' address books and contact lists, which allows adopters to reach a wider audience.

You state that a "significant part" of your activities "will involve fostering and promoting the development of, public access to, and adoption of [X]." You expect to devote at least 50 percent of your time, efforts, and resources to these activities. With respect to fostering public access to and adoption of X, your website is your primary tool to educate the public about the value of X. You will develop programs to raise awareness and increase adoption of X. For example, you initiated the Program, under which you awarded \$a grant to nonprofit corporations meeting the eligibility requirements. You made three awards and expected to give seven more. In a letter dated October 29, 2009, you stated that you discontinued the Program and do not intend to institute any new grant making programs at this time. Your representatives will also attend trade shows and participate in formal and informal discussions about X, both online and at individual companies.

You do not develop X. Rather, you form working groups comprised of volunteers, both members and non-members, to develop X. You require all contributors to agree to your intellectual property rights policy, which requires the contributor to make "a patent promise not to assert certain patent claims against other contributors and against implementers." You further state that contributors will be required to sign a non-assertion agreement that is designed to ensure that X is freely implementable without requiring any patent licensing agreements but do not provide a copy of the document.

You will own all intellectual property pertaining to X. However, you state that no license, royalty agreement, or contract is required for distribution of X because it is a specification and not software.

Your only source of income is membership dues. You have two types of members: sustaining members and community members. Sustaining members pay \$b in membership dues and have the right to appoint a single sustaining director. Community members pay dues ranging from \$c to \$d and, along with the sustaining members, vote to elect a number of directors equal to the number of directors appointed by the sustaining members. Both sustaining and community members are permitted to use the X logo on their website and agree to have their names listed on press releases for X. Furthermore, any members affiliated with another entity must sign an agreement indicating that no duty is owed to any third party regarding participation in X. However, membership is not required to use or participate in the development of X.

LAW

I.R.C. § 501(c)(3) exempts from taxation any corporation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, provided no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Treas. Reg. § 1.501(c)(3)-1(a)(1) provides that, in order to be exempt as an organization described in I.R.C. § 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more of the purposes specified in I.R.C. § 501(c)(3). If an organization fails to meet either the organizational or operational test, it is not exempt.

Treas. Reg. § 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in I.R.C. § 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. To meet the requirement of this subsection, the burden of proof is on the organization to show that it is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Treas. Reg. § 1.501(c)(3)-1(d)(2) provides that the term "charitable" is used in I.R.C. § 501(c)(3) in its generally accepted legal sense and includes, among other things, lessening the burdens of government, relief of the poor and distressed or of the underprivileged, advancement of education or science, erection or maintenance of public buildings, monuments, or works, and promotion of social welfare by organizations designed to accomplish any of the above purposes, or in part to defend human and civil rights secured by law.

Treas. Reg. § 1.501(c)(3)-1(d)(3)(i) provides that the term educational relates to: (a) The instruction or training of the individual for the purpose of improving or developing his capabilities; or (b) The instruction of the public on subjects useful to the individual and beneficial to the community.

Treas. Reg. § 1.501(c)(3)-1(d)(3)(ii)(Example 2) provides that an educational organization includes an organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs. Such programs may be on radio or television.

Treas. Reg. § 1.501(c)(3)-1(d)(5)(i) provides that a scientific organization must be organized and operated in the public interest. Therefore, the term scientific, as used in I.R.C. § 501(c)(3), includes the carrying on of scientific research in the public interest. "Research," when taken alone, is a word with various meanings; it is not synonymous with scientific; and the nature of particular research depends upon the purpose which it serves. For research to be scientific, within the meaning of I.R.C. § 501(c)(3), it must be carried on in furtherance of a scientific purpose. The determination as to whether research is scientific does not depend on whether such research is classified as fundamental or basic as contrasted with applied or practical.

Treas. Reg. § 1.501(c)(3)-1(d)(5)(ii) provides that scientific research does not include activities of a type ordinarily carried on as an incident to commercial or industrial operations, as, for example, the ordinary testing or inspection of materials or products or the designing or construction of equipment, buildings, etc.

Treas. Reg. § 1.501(c)(3)-1(d)(5)(iii) provides that scientific research will be regarded as carried on in the public interest: (a) If the results of such research (including any patents, copyrights, processes, or formula resulting from such research) are made available to the public on a nondiscriminatory basis; (b) If such research is performed for the United States, or any of its agencies or instrumentalities, or for a State or political subdivision thereof; or (c) If such research is directed toward benefiting the public. The following are examples of scientific research which will be considered as directed toward benefiting the public, and, therefore, which will be regarded as carried on in the public interest: (1) scientific research carried on for the purpose of aiding in the scientific education of college or university students; (2) scientific research carried on for the purpose of obtaining scientific information, which is published in a treatise, thesis, trade publication, or in any other form that is available to the interested public; (3) scientific research carried on for the purpose of discovering a cure for a disease; or (4) scientific research carried on for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of, or retention of, an industry in the community or area.

Rev. Rul. 66-255, 1966-2 C.B. 210, describes an educational organization that qualified for providing public information. In this ruling, the organization educated the public as to a particular method of painless childbirth. The organization utilized meetings, films, forums, and publications to educate the public. The organization carried out its purpose through (a) public programs of films followed by discussions with doctors and members of the organization; (b) presentations on local radio stations; (c) meetings conducted by a doctor or a registered nurse for expectant parents; and (d) pamphlets, manuals, and books which are distributed to libraries, hospitals, and obstetricians.

Rev. Rul. 70-584, 1970-2 C.B. 114, held that an organization that recruited college students for government internship programs that related to their course of study qualified for exemption under I.R.C. § 501(c)(3). The internship program advanced the students' education because it trained the individual for the purpose of improving or developing his capabilities in his chosen field of study.

Rev. Rul. 71-506, 1971-2 C.B. 233, describes an engineering society formed to engage in scientific research in the areas of heating, ventilating, and air conditioning ("HVAC") for the public that qualified as a scientific research organization under I.R.C. § 501(c)(3). The Service found that the organization was comprised of HVAC engineers, architects, educators and others who have a professional interest in HVAC-with full membership in the organization limited to persons with 8 years of experience in the science related to HVAC. The organization's research was conducted by a full-time paid staff in the organization's own laboratory. Typical subjects of investigation for the organization included the effects of solar radiation through various materials, the phenomena of heat flow and transfer, development of data on air friction, the problems of panel heating, and the physiological effects of air conditioning upon the human body. The organization's research was devoted exclusively to the development of data on basic physical phenomena, which data can be used by anyone. The organization published a regular journal and maintained a library where its data, and specifically scores of model codes of minimal standards for HVAC, are stored for public review. The Service concluded that this organization engaged in scientific research. Specifically, the organization used observation and experimentation to formulate and verify facts or natural laws pertaining to HVAC—such as the effects of solar radiation through various materials. Its activities were performed by professionals with extensive scientific and/or technical expertise in HVAC—such as members with a minimum of 8 years experience in HVAC science. The organization conducted experimentation in its own laboratory. The organization's activities added to the knowledge of HVAC science, specifically with the organization publishing scores of model codes of minimum standards for HVAC. All the organization's data was maintained in a library and was publicly available. Based upon the above, the Service held that the organization's research activities were scientific under I.R.C. § 501(c)(3).

Rev. Rul. 72-124, 1972-1 C.B. 145, held that providing for the special needs of the aged has long been recognized as a charitable purpose for Federal tax purposes where the requisite elements of relief of distress and community benefit have been found to be present. As such, an organization that is relieving the distress of aged persons by providing for the primary needs of such individuals for housing, health care, and financial security is held exempt from Federal income tax under section 501(c)(3) of the Code as an organization organized and operated exclusively for charitable purposes.

Rev. Rul. 75-284, 1975-2 C.B. 202, held that an organization that provided high school graduates and college students with uncompensated work experience in selected trades or professions qualified for exemption under I.R.C. § 501(c)(3). The program provided students with exposure to five of twenty-five trades or professions. Such exposure advanced the students' education by familiarizing the students with various career fields and developing the students' capabilities.

Rev. Rul. 77-365, 1977-2 C.B. 192, describes an educational organization that conducted clinics, workshops, lessons, and seminars at municipal parks and recreational areas to instruct and educate individuals in a particular sport.

Rev. Rul. 78-310, 1978-2 C.B. 173, held that an organization that provided law students with practical experience in exempt public interest law firms and legal aid societies qualified for

exemption under I.R.C. § 501(c)(3). The organization advanced the law students' education by developing or improving the students' capabilities.

Rev. Rul. 79-19, 1979-1 C.B. 195, 1979, held that the handicapped are a charitable class and that a nonprofit organization that provides specially designed housing to physically handicapped persons at the lowest feasible cost and maintains in residence those tenants who subsequently become unable to pay its monthly fees is operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Code.

In Forest Press, Inc. v. Commissioner, 22 T.C. 265 (1954), the Tax Court determined that an organization "devoted to developing and propagating the use of the Dewey Decimal Classification System and Related Index" was a charitable organization. Forest Press' primary activity was the ongoing development of the system, which required continuous revision. To this end, Forest Press regularly employed an editor-in-chief and four editorial assistants and an additional two to three editorial assistants as publication dates approached. By the time Forest Press was formed, the System had "been adopted by more than 90 percent of the libraries in the United States to classify and index their collections" and was "in use in 42 countries." Thus, the court concluded that the System was "an important aid to education and research and not a commercial enterprise."

In American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989), the Tax Court determined that the American Campaign Academy, a training program for political campaign professionals, operated for the private benefit of the Republican party because its curriculum was tailored to Republican interests, its graduates worked for Republican candidates and incumbents, and it was financed by Republican sources. The Tax Court defined private benefit as "nonincidental benefits conferred on disinterested persons that serve private interests." Private benefits included "advantage; profit; fruit; privilege; gain; [or] interest."

RATIONALE

An organization seeking tax-exempt status under I.R.C. § 501(c)(3) must be organized and operated exclusively for educational, scientific, charitable, or other exempt purposes with no part of its net earnings inuring to the benefit of any private shareholder or individual. See also Treas. Reg. § 1.501(c)(3)-1(a)(1). The presence of a single, substantial non-exempt purpose will destroy the exemption regardless of the number or importance of any truly exempt purposes. Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945). You state that you are seeking tax-exempt status under I.R.C. § 501(c)(3) as an educational and scientific organization for the promotion and distribution of X. Based on a review of your activities, you are not described in I.R.C. § 501(c)(3) as explained below.

1. Charitable Purposes

You are not described in I.R.C. § 501(c)(3) as a charitable organization for promoting and distributing X. The term "charitable" is used in I.R.C. § 501(c)(3) in its generally accepted legal sense and is not to be construed as limited by the separate enumeration in that section. See

Treas. Reg. § 1.501(c)(3)-1(d)(2). The term "charitable" includes the following: relief of the poor and distressed or of the underprivileged; advancement of education or science; lessening the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above. Id. Additionally, a purported charitable activity must benefit a sufficiently large and indefinite class. The Service has recognized charitable classes to include the poor, distressed and underprivileged, Treas. Reg. § 1.501(c)(3)-1(d)(2), the aged, Rev. Rul. 72-124, 1972-1 C.B. 145, and the sick or handicapped. Rev. Rul. 79-19, 1979-1 C.B. 195.

You promote and distribute X freely to the public. X is a software requirement specification that allows Internet users to consolidate their multiple Internet usernames and passwords into one universal username and password. The provision of goods or services to the public must fulfill a recognized I.R.C. § 501(c)(3) charitable purpose itself, or be directed to benefiting a charitable class recognized under I.R.C. § 501(c)(3). Merely providing X to the public for free is not a charitable activity under I.R.C. § 501(c)(3). Furthermore, as stated above, the Service has recognized charitable classes to include the poor, distressed and underprivileged, the aged, and the sick or handicapped. However, the public who may use X is not a recognized charitable class. Thus, you have not shown that you are operated exclusively for one or more exempt purposes.

2. Scientific Purposes

You are not described in I.R.C. § 501(c)(3) as a scientific organization for promoting and distributing X. For an organization to qualify as an I.R.C. § 501(c)(3) scientific research organization, the organization must (1) engage in scientific research; (2) the scientific research must not include activities that are incident to commercial or industrial operations; and, (3) the scientific research must be undertaken in the public's interest. Treas. Reg. § 1.501(c)(3)-1(d)(5)(i-iii). Your activities do not meet these requirements.

You argue that your activities are similar to the organization described in Rev. Rul. 71-506, 1971-2 C.B. 233, which you describe as an organization qualifying for IRC 501(c)(3) recognition for developing model codes of minimum standards, and which you state are similar to your activities of developing the X software standard. However, the organization described in Rev. Rul. 71-506 was recognized as an IRC 501(c)(3) scientific research organization. Specifically, in Rev. Rul. 71-506, 1971-2 C.B. 233, the Service held that an engineering society qualified as a scientific research organization under I.R.C. § 501(c)(3). The organization was operated to engage in scientific research in the areas of heating, ventilation, and air conditioning ("HVAC") for the public benefit. The organization was comprised of HVAC engineers, architects, and others who had a professional interest in HVAC. Its main activity was research conducted by highly skilled personnel in the organization's own laboratory, which personnel used observation and experimentation to formulate and verify facts or natural laws pertaining to HVAC—such as the effects of solar radiation through various materials, the phenomena of heat flow and transfer, development of data on air friction, the problems of panel heating, and the physiological effects of air conditioning upon the human body. The organization's research was devoted exclusively to the development of data on basic physical phenomena, which data could be used by anyone, and not on the development or improvement of particular products or services. The organization published its results, along with papers related to its findings in its journal. These results became model codes of minimum standards for HVAC. Unlike the organization described in Rev. Rul. 71-506, you do not engage in scientific research and your

activities are directed to producing an industry standard. Specifically, your activities are directed primarily to produce industry standards for Internet user identification in the form of X, as opposed to scientific research. Furthermore, the organization described in Rev. Rul. 71-506 made no effort to promote the use of those minimum standards, which is in direct contrast to your activities of actively promoting X. In other words, the models codes were incident to the organization's scientific research activities. As such, you are not a scientific research organization.

3. Educational Purposes

You are not described in I.R.C. § 501(c)(3) as an educational organization for promoting and distributing X. The term "educational", as used in I.R.C. § 501(c)(3) relates to (a) the instruction or training of the individual for the purpose of improving or developing his capabilities; or (b) the instruction of the public on subjects useful to the individual and beneficial to the community. Treas. Reg. § 1.501(c)(3)-1(d)(3)(i). The regulations provide several examples of organizations that qualify as educational organizations, including "organizations whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs." See Treas. Reg. § 1.501(c)(3)-1(d)(3)(ii), example (2). One such educational organization was described in Rev. Rul. 66-255, 1966-2 C.B. 210, which describes an organization formed to educate the public as to a particular method of painless childbirth. The organization carried out its purpose through (a) public programs of films followed by discussions with doctors and members of the organization; (b) presentations on local radio stations; (c) meetings conducted by a doctor or a registered nurse for expectant parents; and (d) pamphlets, manuals, and books which are distributed to libraries, hospitals, and obstetricians. Another example of a qualifying educational organization was described in Rev. Rul. 77-365, 1977-2 C.B. 192, in which the organization qualified for its activities of conducting clinics, workshops, lessons, and seminars at municipal parks and recreational areas to instruct and educate individuals in a particular sport. Here, you are not conducting any of the activities described above.

You argue that you are educational in the same way the organization in Rev. Rul. 71-506 is educational. Specifically, the organization in Rev. Rul. 71-506 was found to be a scientific research organization that educated the public on the results of its scientific research through publishing its research results and making them available via operating a public library. However, you neither educate the public as to scientific research results nor do you operate a library. Your materials are best described as product manuals and user guides that inform the public as to X.

Furthermore, you are not described in I.R.C. § 501(c)(3) as a charitable organization advancing education by promoting and distributing X. The regulations provide several examples of organizations that advance education. For example, the organization described in Rev. Rul. 70-584, 1970-2 C.B. 114, recruited college students to participate in a government internship program, the organization described in Rev. Rul. 75-284, 1975-2 C.B. 203, provided high school graduates and college students with uncompensated work experience in selected trades and professions, and the organization described in Rev. Rul. 78-310, 1978-2 C.B. 173, provided law students with practical experience in exempt public interest law firms and legal aid societies. Here, you are not conducting any of the activities described above.

You argue that your activities advance education because your activities are analogous to the activities of the organization in Forest Press, Inc. v. Commissioner, 22 T.C. 265 (1954). In Forest Press, the organization's primary activity was the continued development and propagation of the Dewey Decimal Classification System, which the Tax Court described as "an important aid to education and research," and which classification system was adopted by more than 90% of the libraries in the United States and in 42 foreign countries. You argue that X assists users in obtaining quicker access to the Internet, which, like the Dewey Decimal Classification System, is an important aid to education and research. However, permitting end users to gain quicker access to password protected websites or websites that require user identification, such as online shopping and social media websites, is neither educational nor comparable to promoting the Dewey Decimal Classification System. Furthermore, you do not limit distribution of X to educational or other charitable organizations; X is available to all enterprises, commercial or otherwise. Thus, your activities are neither educational nor advance education within the meaning of I.R.C. § 501(c)(3).

4. Private Benefit

An organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than private interest. Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii). Private benefit has been defined as "nonincidental benefits conferred on disinterested persons that service private interests." American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989). "Prohibited private benefit may include an 'advantage; profit; fruit; privilege; gain; [or] interest.'" Id. It is the organization's burden to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests. Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii).

You are not operated exclusively for one or more exempt purposes because the promotion and distribution of X serves the substantial private interests of X adopters. Private benefit need not be strictly monetary. In American Campaign Academy v. Commissioner, the Tax Court determined that the American Campaign Academy, a training program for political campaign professionals, operated for the substantial private interests of the Republican Party because its curriculum was tailored to Republican interests, its graduates worked for Republican candidates and incumbents, and it was financed by Republican sources. 92 T.C. 1053 (1989). Here, X benefits the commercial interest of its adopters. First, X increases the adopter's web users by reducing barriers to entry. Second, X provides adopters access to the more extensive demographic information collected by X providers. Third, when used in conjunction with other open source protocols, X provides access to additional user information such as address books and contact lists. The increased users and access to additional information allows X adopters to more narrowly tailor their marketing and advertising efforts, which will provide X adopters with additional income. Finally, X reduces or eliminates the security costs required to protect user information. Thus, you are operated for private rather than public interests in violation of I.R.C. § 501(c)(3).

CONCLUSION

Based on the above, we have made a determination that you fail to meet the requirements necessary to be recognized as a tax-exempt organization under I.R.C. § 501(c)(3) because you are not organized and operated exclusively for one or more exempt purpose.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination.

Your protest statement should be accompanied by the following declaration:

Under penalties of perjury, I declare that I have examined this protest statement, including accompanying documents, and, to the best of my knowledge and belief, the statement contains all the relevant facts, and such facts are true, correct, and complete.

This declaration must be signed by an elected officer, a member of the board of directors, or a trustee rather than an attorney or accountant.

You also have a right to request a conference to discuss your protest. This request should be made when you file your protest statement. An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you. If you want representation during the conference procedures, you must file a proper power of attorney, Form 2848, *Power of Attorney and Declaration of Representative*, if you have not already done so. For more information about representation, see Publication 947, *Practice before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at www.irs.gov, Forms and Publications.

If you do not file a protest within 30 days, you will not be able to file a suit for declaratory judgment in court because the Internal Revenue Service (IRS) will consider the failure to protest as a failure to exhaust available administrative remedies. Code section 7428(b)(2) provides, in part, that a declaratory judgment or decree shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted all of the administrative remedies available to it within the IRS.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848 and any supporting documents to this address:

Internal Revenue Service
TE/GE (SE:T:EO:RA:T3)
1111 Constitution Ave, N.W.
Washington, DC 20224

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Holly O. Paz
Director, Rulings and Agreement
Exempt Organizations